

UNIFIED SCHOOL DISTRICT NO. 362

LaCygne, Kansas

Financial Statements

For the Year Ended June 30, 2011

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UNIFIED SCHOOL DISTRICT NO. 362
Financial Statements
For the Year Ended June 30, 2011

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Financial Statements
For the Year Ended June 30, 2011

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MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 362
LaCygne, Kansas

We have audited the financial statements of the Unified School District No. 362 (the District), LaCygne, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010. In our report dated December 6, 2010, on these financial statements we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and a qualified opinion as to presentation on the Kansas prescribed basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States and "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on a prescribed basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of those differences is also described in Note 1.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, or the respective changes in financial position thereof for the year then ended.

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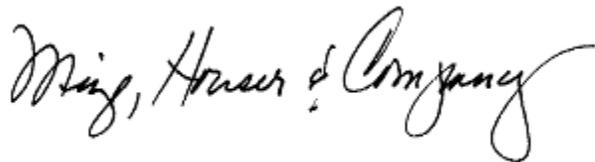
534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f
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Also, in our opinion, except for the July, 2011 receipt of the final state aid payment for the fiscal year ended June 30, 2011 being recorded in June, 2011, the financial statements referred to above present fairly, in all material respects, the fund cash and unencumbered cash balances of the District as of June 30, 2011, and its cash receipts and expenditures by fund and fund budget to actual comparisons for the year then ended, taken as a whole on the prescribed basis of accounting described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Ming, Houser & Company". The signature is written in black ink and is positioned above the date.

February 21, 2012

UNIFIED SCHOOL DISTRICT NO. 362
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2011

Funds	Beginning	Prior Year Cancelled Encumbrances	Cash		Ending	Outstanding Encumbrances and Accounts Payable	Ending
	Unencumbered Cash Balance		Receipts	Expenditures	Unencumbered Cash Balance		Cash Balance
General Fund	\$ -	\$ -	\$ 7,604,751	\$ 7,604,751	\$ -	\$ 29,978	\$ 29,978
Special Revenue Funds:							
Supplemental General	146,719	-	2,303,673	2,325,234	125,158	61,992	187,150
At Risk (4 Year Old)	-	-	83,116	83,116	-	-	-
At Risk (K-12)	-	-	1,236,329	1,030,276	206,053	-	206,053
Capital Outlay	1,709,396	-	873,152	603,817	1,978,731	207,728	2,186,459
Driver Training	3,184	-	7,001	9,190	995	-	995
Food Service	149,431	-	536,147	535,804	149,774	49,226	199,000
Professional Development	-	-	-	-	-	-	-
Bilingual Education	-	-	59,190	59,190	-	-	-
Special Education	390,454	-	2,023,210	2,001,196	412,468	501	412,969
Vocational Education	-	-	580,347	317,622	262,725	243	262,968
Grant	20,286	-	257,905	244,510	33,681	345	34,026
Textbook Rental	146,870	-	26,003	75,350	97,523	74,836	172,359
District Activity	37,740	-	337,391	335,987	39,144	-	39,144
KPERS	-	-	450,267	450,267	-	-	-
Contingency Reserve	736,242	-	15,000	-	751,242	-	751,242
Gifts and Grants	11,407	-	31,814	17,883	25,338	-	25,338
Debt Service Funds:							
Bond and Interest	935,492	-	832,949	811,265	957,176	-	957,176
Capital Projects Fund:							
Construction	-	-	-	-	-	-	-
Private Purpose Trust Funds:							
Scholarships	28,041	-	6,923	5,850	29,114	-	29,114
Total	\$ 4,315,262	\$ -	\$ 17,265,168	\$ 16,511,308	\$ 5,069,122	\$ 424,849	\$ 5,493,971

Composition of Cash:

Labette Bank

Checking Accounts	\$ 169,180
Certificates of Deposit	4,967,000
Total Labette Bank	<u>5,136,180</u>

First Option Bank

Checking Accounts	6,490
Certificates of Deposit	400,000
Total First Option Bank	<u>406,490</u>

Total Cash 5,542,670

Less: Agency Funds per Statement 4 [48,699]

Total Reporting Entity (excluding Agency Funds) \$ 5,493,971

STATEMENT 2

UNIFIED SCHOOL DISTRICT NO. 362
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 For the Year Ended June 30, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive Negative</u>
General Fund	\$ 7,629,219	\$ [113,486]	\$ 89,018	\$ 7,604,751	\$ 7,604,751	\$ -
Special Revenue Funds:						
Supplemental General	2,381,176	-	-	2,381,176	2,325,234	55,942
At Risk (4 Year Old)	83,439	-	-	83,439	83,116	323
At Risk (K-12)	1,082,000	-	-	1,082,000	1,030,276	51,724
Capital Outlay	2,550,000	-	-	2,550,000	603,817	1,946,183
Driver Training	14,366	-	-	14,366	9,190	5,176
Food Service	683,009	-	-	683,009	535,804	147,205
Professional Development	-	-	-	-	-	-
Bilingual Education	62,085	-	-	62,085	59,190	2,895
Special Education	2,401,114	-	-	2,401,114	2,001,196	399,918
Vocational Education	341,476	-	-	341,476	317,622	23,854
Grant	253,127	-	-	253,127	244,510	8,617
KPERS	619,409	-	-	619,409	450,267	169,142
Gifts and Grants	23,407	-	-	23,407	17,883	5,524
Debt Service Funds:						
Bond and Interest	811,265	-	-	811,265	811,265	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,372,568	\$ 2,394,804	\$ 2,368,762	\$ 26,042
Delinquent ad valorem taxes	21,907	29,057	24,167	4,890
Mineral production taxes	73	436	-	436
Federal Aid	323,398	337,785	122,786	214,999
State Aid:				
Equalization aid	3,398,663	3,369,770	3,814,981	[445,211]
Special education aid	1,245,812	1,114,933	1,298,523	[183,590]
Transportation aid	-	268,948	-	268,948
Reimbursements	89,685	89,018	-	89,018
Total Cash Receipts	<u>7,452,106</u>	<u>7,604,751</u>	<u>\$ 7,629,219</u>	<u>\$ [24,468]</u>
Expenditures and Transfers				
Instruction	2,845,996	2,735,383	\$ 2,732,199	\$ [3,184]
Student support services	243,018	209,802	220,307	10,505
Instructional support services	269,437	221,099	209,729	[11,370]
General administration	252,535	270,134	259,247	[10,887]
School administration	582,325	575,307	588,623	13,316
Operations and maintenance	19	-	100	100
Transportation	416,626	400,845	430,436	29,591
Other supplemental service	159,067	158,186	252,745	94,559
Transfers out	2,683,083	3,033,995	2,935,833	[98,162]
Adjustment for qualifying budget credits	-	-	89,018	89,018
Adjustment to comply with legal max budget	-	-	[113,486]	[113,486]
Total Expenditures and Transfers	<u>7,452,106</u>	<u>7,604,751</u>	<u>\$ 7,604,751</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Supplemental General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,096,598	\$ 2,156,148	\$ 2,210,993	\$ [54,845]
Delinquent ad valorem taxes	22,040	30,041	21,417	8,624
Motor vehicle taxes	114,793	111,599	129,113	[17,514]
Recreational vehicle taxes	3,860	3,383	4,460	[1,077]
Reimbursements	-	2,342	-	2,342
Miscellaneous	-	160	-	160
Total Cash Receipts	<u>2,237,291</u>	<u>2,303,673</u>	<u>\$ 2,365,983</u>	<u>\$ [62,310]</u>
Expenditures and Transfers				
Instruction	110,547	45,623	\$ 45,478	\$ [145]
Student support services	186,708	102,985	173,500	70,515
Operations and maintenance	1,426,179	1,278,126	1,463,115	184,989
Transfers out	<u>529,401</u>	<u>898,500</u>	<u>699,083</u>	<u>[199,417]</u>
Total Expenditures and Transfers	<u>2,252,835</u>	<u>2,325,234</u>	<u>\$ 2,381,176</u>	<u>\$ 55,942</u>
Receipts Over [Under] Expenditures	[15,544]	[21,561]		
Unencumbered Cash, Beginning	<u>162,263</u>	<u>146,719</u>		
Unencumbered Cash, Ending	<u>\$ 146,719</u>	<u>\$ 125,158</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer In	\$ 82,646	\$ 83,116	\$ 83,439	\$ [323]
Total Cash Receipts	<u>82,646</u>	<u>83,116</u>	<u>\$ 83,439</u>	<u>\$ [323]</u>
Expenditures and Transfers				
Instruction	82,646	83,116	\$ 83,439	\$ 323
Total Expenditures and Transfers	<u>82,646</u>	<u>83,116</u>	<u>\$ 83,439</u>	<u>\$ 323</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer In	\$ 1,029,823	\$ 1,236,329	\$ 1,082,000	\$ 154,329
Miscellaneous	<u>2,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>1,032,395</u>	<u>1,236,329</u>	<u>\$ 1,082,000</u>	<u>\$ 154,329</u>
Expenditures and Transfers				
Instruction	<u>1,032,395</u>	<u>1,030,276</u>	<u>\$ 1,082,000</u>	<u>\$ 51,724</u>
Total Expenditures and Transfers	<u>1,032,395</u>	<u>1,030,276</u>	<u>\$ 1,082,000</u>	<u>\$ 51,724</u>
Receipts Over [Under] Expenditures	-	206,053		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 206,053</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 872,255	\$ 817,600	\$ 809,470	\$ 8,130
Delinquent ad valorem taxes	8,305	11,728	8,922	2,806
Motor vehicle taxes	42,775	40,827	47,663	[6,836]
Recreational vehicle taxes	1,415	1,249	1,647	[398]
Investment Income	-	1,748	-	1,748
Reimbursements	208,741	-	-	-
Total Cash Receipts	<u>1,133,491</u>	<u>873,152</u>	<u>\$ 867,702</u>	<u>\$ 5,450</u>
Expenditures and Transfers				
Instruction	89,460	91,600	\$ 100,000	\$ 8,400
Student support services	256,573	142,342	300,000	157,658
Instructional support staff	-	-	250,000	250,000
General administration	3,180	1,449	250,000	248,551
School administration	3,710	1,014	250,000	248,986
Central services	-	-	250,000	250,000
Operations and maintenance	62,558	44,263	500,000	455,737
Transportation	249,195	245,375	500,000	254,625
Facility acquisition and construction	948,530	77,774	150,000	72,226
Total Expenditures and Transfers	<u>1,613,206</u>	<u>603,817</u>	<u>\$ 2,550,000</u>	<u>\$ 1,946,183</u>
Receipts Over [Under] Expenditures	[479,715]	269,335		
Unencumbered Cash, Beginning	<u>2,189,111</u>	<u>1,709,396</u>		
Unencumbered Cash, Ending	<u>\$ 1,709,396</u>	<u>\$ 1,978,731</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Driver Training Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Aid	\$ 1,550	\$ 1,924	\$ 2,100	\$ [176]
Miscellaneous	4,718	5,077	-	5,077
Transfer In	-	-	9,083	[9,083]
Total Cash Receipts	<u>6,268</u>	<u>7,001</u>	<u>\$ 11,183</u>	<u>\$ [4,182]</u>
Expenditures and Transfers				
Instruction	7,727	8,671	\$ 10,366	\$ 1,695
Operations and maintenance	-	-	4,000	4,000
Transportation	<u>2,258</u>	<u>519</u>	-	[519]
Total Expenditures and Transfers	<u>9,985</u>	<u>9,190</u>	<u>\$ 14,366</u>	<u>\$ 5,176</u>
Receipts Over [Under] Expenditures	[3,717]	[2,189]		
Unencumbered Cash, Beginning	<u>6,901</u>	<u>3,184</u>		
Unencumbered Cash, Ending	<u>\$ 3,184</u>	<u>\$ 995</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Food Service Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal Aid	\$ 307,849	\$ 327,112	\$ 297,726	\$ 29,386
State Aid	5,793	5,742	4,673	1,069
Charges for Services	196,844	188,613	201,179	[12,566]
Transfers In	24,500	14,000	30,000	[16,000]
Reimbursements	3,243	160	-	160
Miscellaneous	-	520	-	520
Total Cash Receipts	<u>538,229</u>	<u>536,147</u>	<u>\$ 533,578</u>	<u>\$ 2,569</u>
Expenditures and Transfers				
Food service operation	<u>538,506</u>	<u>535,804</u>	<u>\$ 683,009</u>	<u>\$ 147,205</u>
Total Expenditures and Transfers	<u>538,506</u>	<u>535,804</u>	<u>\$ 683,009</u>	<u>\$ 147,205</u>
Receipts Over [Under] Expenditures	[277]	343		
Unencumbered Cash, Beginning	<u>149,708</u>	<u>149,431</u>		
Unencumbered Cash, Ending	<u>\$ 149,431</u>	<u>\$ 149,774</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Professional Development Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State aid	\$ -	\$ -	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures and Transfers				
Instruction support staff	<u>1,726</u>	-	\$ -	\$ -
Total Expenditures and Transfers	<u>1,726</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[1,726]	-		
Unencumbered Cash, Beginning	<u>1,726</u>	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Bilingual Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer In	\$ 15,210	\$ 59,147	\$ 62,085	\$ [2,938]
Miscellaneous	-	43	-	43
Total Cash Receipts	<u>15,210</u>	<u>59,190</u>	<u>\$ 62,085</u>	<u>\$ [2,895]</u>
Expenditures and Transfers				
Instruction	<u>15,210</u>	<u>59,190</u>	<u>\$ 62,085</u>	<u>\$ 2,895</u>
Total Expenditures and Transfers	<u>15,210</u>	<u>59,190</u>	<u>\$ 62,085</u>	<u>\$ 2,895</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Investment Income	\$ 73,850	\$ 49,072	\$ -	\$ 49,072
Reimbursements	10,368	10,835	-	10,835
Transfers In	1,757,114	1,944,556	2,026,833	[82,277]
Miscellaneous	-	18,747	-	18,747
Total Cash Receipts	<u>1,841,332</u>	<u>2,023,210</u>	<u>\$ 2,026,833</u>	<u>\$ [3,623]</u>
Expenditures and Transfers				
Instruction	1,546,943	1,682,594	\$ 1,653,892	\$ [28,702]
Operations and maintenance	2,271	3,704	3,300	[404]
Transportation	<u>277,389</u>	<u>314,898</u>	<u>743,922</u>	<u>429,024</u>
Total Expenditures and Transfers	<u>1,826,603</u>	<u>2,001,196</u>	<u>\$ 2,401,114</u>	<u>\$ 399,918</u>
Receipts Over [Under] Expenditures	14,729	22,014		
Unencumbered Cash, Beginning	<u>375,725</u>	<u>390,454</u>		
Unencumbered Cash, Ending	<u>\$ 390,454</u>	<u>\$ 412,468</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Vocational Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Reimbursements	\$ 99	\$ -	\$ -	\$ -
Transfers In	<u>358,993</u>	<u>580,347</u>	<u>341,476</u>	<u>238,871</u>
Total Cash Receipts	<u>359,092</u>	<u>580,347</u>	<u>\$ 341,476</u>	<u>\$ 238,871</u>
Expenditures and Transfers				
Instruction	<u>359,092</u>	<u>317,622</u>	<u>\$ 341,476</u>	<u>\$ 23,854</u>
Total Expenditures and Transfers	<u>359,092</u>	<u>317,622</u>	<u>\$ 341,476</u>	<u>\$ 23,854</u>
Receipts Over [Under] Expenditures	-	262,725		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 262,725</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Grant Funds
For the Year Ended June 30, 2011

	Title I	Title II Teacher Quality	Title I Education Technology
Cash Receipts			
Federal Aid	\$ 185,251	\$ 48,117	\$ 478
Transfer In	<u>24,059</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>209,310</u>	<u>48,117</u>	<u>478</u>
Expenditures and Transfers			
Instruction	197,404	19,789	478
Support services	-	2,780	-
Transfer out	<u>-</u>	<u>24,059</u>	<u>-</u>
Total Expenditures and Transfers	<u>197,404</u>	<u>46,628</u>	<u>478</u>
Receipts Over [Under] Expenditures	11,906	1,489	-
Unencumbered Cash, Beginning	<u>18,080</u>	<u>2,206</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 29,986</u>	<u>\$ 3,695</u>	<u>\$ -</u>

<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
\$ 233,846	\$ 233,919	\$ [73]
24,059	-	24,059
257,905	\$ 233,919	\$ 23,986
217,671	\$ 253,127	\$ 35,456
2,780	-	[2,780]
24,059	-	[24,059]
244,510	\$ 253,127	\$ 8,617
13,395		
20,286		
\$ 33,681		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual
Textbook Rental Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Charges for Services	\$ 31,170	\$ 23,198
Miscellaneous	<u>-</u>	<u>2,805</u>
Total Cash Receipts	<u>31,170</u>	<u>26,003</u>
 Expenditures and Transfers		
Instruction	<u>-</u>	<u>75,350</u>
Total Expenditures and Transfers	<u>-</u>	<u>75,350</u>
 Receipts Over [Under] Expenditures	 31,170	 [49,347]
 Unencumbered Cash, Beginning	 <u>115,700</u>	 <u>146,870</u>
 Unencumbered Cash, Ending	 <u>\$ 146,870</u>	 <u>\$ 97,523</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
KPERS Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Aid	\$ 495,528	\$ 450,267	\$ 619,409	\$ [169,142]
Total Cash Receipts	<u>495,528</u>	<u>450,267</u>	<u>\$ 619,409</u>	<u>\$ [169,142]</u>
Expenditures and Transfers				
Instruction	253,673	216,915	\$ 305,000	\$ 88,085
Student support services	18,562	14,525	29,409	14,884
Instructional support staff	22,383	15,430	30,000	14,570
General administration	12,374	2,724	25,000	22,276
School administration	36,395	30,868	50,000	19,132
Operations and maintenance	43,310	41,772	50,000	8,228
Food service	40,217	35,411	50,000	14,589
Transportation	68,614	84,450	80,000	[4,450]
Other supplemental services	-	8,172	-	[8,172]
Total Expenditures and Transfers	<u>495,528</u>	<u>450,267</u>	<u>\$ 619,409</u>	<u>\$ 169,142</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual
Contingency Reserve Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfer In	\$ 102,048	\$ 15,000
Total Cash Receipts	<u>102,048</u>	<u>15,000</u>
Expenditures and Transfers		
Transfer out	<u>157,850</u>	<u>-</u>
Total Expenditures and Transfers	<u>157,850</u>	<u>-</u>
Receipts Over [Under] Expenditures	[55,802]	15,000
Unencumbered Cash, Beginning	<u>792,044</u>	<u>736,242</u>
Unencumbered Cash, Ending	<u>\$ 736,242</u>	<u>\$ 751,242</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Gifts and Grants Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 11,412	\$ 31,814	\$ 12,000	\$ 19,814
Total Cash Receipts	<u>11,412</u>	<u>31,814</u>	<u>\$ 12,000</u>	<u>\$ 19,814</u>
Expenditures and Transfers				
Instruction	4,736	17,883	\$ 23,407	\$ 5,524
Student support services	<u>3,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>8,066</u>	<u>17,883</u>	<u>\$ 23,407</u>	<u>\$ 5,524</u>
Receipts Over [Under] Expenditures	3,346	13,931		
Unencumbered Cash, Beginning	<u>8,061</u>	<u>11,407</u>		
Unencumbered Cash, Ending	<u>\$ 11,407</u>	<u>\$ 25,338</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts For the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 765,730	\$ 782,180	\$ 774,377	\$ 7,803
Delinquent ad valorem taxes	8,793	10,732	7,785	2,947
Motor vehicle tax	41,320	38,856	45,081	[6,225]
Recreational vehicle tax	<u>2,832</u>	<u>1,181</u>	<u>1,557</u>	<u>[376]</u>
Total Cash Receipts	<u>818,675</u>	<u>832,949</u>	<u>\$ 828,800</u>	<u>\$ 4,149</u>
Expenditures and Transfers				
Principal	640,000	660,000	\$ 151,265	\$ [508,735]
Interest	<u>167,855</u>	<u>151,265</u>	<u>660,000</u>	<u>508,735</u>
Total Expenditures and Transfers	<u>807,855</u>	<u>811,265</u>	<u>\$ 811,265</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	10,820	21,684		
Unencumbered Cash, Beginning	<u>924,672</u>	<u>935,492</u>		
Unencumbered Cash, Ending	<u>\$ 935,492</u>	<u>\$ 957,176</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts and Expenditures - Actual
Construction Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Investment income	\$ 176	\$ -
Total Cash Receipts	<u>176</u>	<u>-</u>
Expenditures and Transfers		
Construction	<u>93,015</u>	<u>-</u>
Total Expenditures and Transfers	<u>93,015</u>	<u>-</u>
Receipts Over [Under] Expenditures	[92,839]	-
Unencumbered Cash, Beginning	<u>92,839</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

* This fund is not required to be budgeted.

STATEMENT 4

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts, Cash Disbursements and Cash
Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
ELEMENTARY SCHOOL FUND				
LaCygne Attendance Center				
Student store	\$ 241	\$ 528	\$ -	\$ 769
Guided reading	1,620	-	646	974
Playground funds	140	-	-	140
Student project	179	3,722	3,517	384
Total LaCygne Attendance Center	<u>2,180</u>	<u>4,250</u>	<u>4,163</u>	<u>2,267</u>
Total Elementary Schools	<u>2,180</u>	<u>4,250</u>	<u>4,163</u>	<u>2,267</u>
MIDDLE SCHOOL FUNDS				
Library	676	1,553	1,882	347
Musicals and plays	684	372	572	484
Student council	267	1,001	1,039	229
School store	10	-	-	10
Textbooks	-	6,410	6,410	-
Cheerleaders	268	-	45	223
Yearbooks	20	2,080	2,100	-
Reward fund	2,973	8,971	7,030	4,914
Total Middle School	<u>4,898</u>	<u>20,387</u>	<u>19,078</u>	<u>6,207</u>
HIGH SCHOOL FUNDS				
All school plays	1,177	2,110	2,233	1,054
Art club	28	117	50	95
Band supplies	546	2,263	2,719	90
Boosters	2,362	9,913	10,797	1,478
Chess fund	224	-	200	24
Choir	464	312	374	402
Class of 2011	5,438	19,113	24,085	466
Class of 2012	3,596	17,760	11,445	9,911
Class of 2013	1,597	3,776	1,845	3,528
Class of 2014	27	6,799	3,844	2,982
Concert choir fundraiser	899	732	1,048	583
Drama	985	577	487	1,075

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts, Cash Disbursements and Cash
Agency Funds
For the Year Ended June 30, 2011

FUND	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<u>HIGH SCHOOL FUNDS (Continued)</u>				
FFA	\$ 8,660	\$ 30,303	\$ 29,151	\$ 9,812
FCA	143	-	-	143
FCCLA	1,067	39	273	833
French Club	42	184	132	94
Future business leaders	2,796	11,449	12,722	1,523
Larry Hurst Fund	3,000	-	3,000	-
Library club	1,110	400	600	910
Multi-media class	108	38	-	146
Music festival	1,013	6,316	6,900	429
National forensics league	16	-	-	16
National honor society	254	360	529	85
Newspaper	1,205	2,020	2,144	1,081
PVHS band account	370	19,699	19,860	209
Seminar	123	-	-	123
Senior executives	462	-	462	-
Sign language	[2]	2	-	-
Student council	1,633	2,931	2,612	1,952
Students promoting and encouraging	1,111	70	-	1,181
Textbooks	-	11,500	11,500	-
Vo-ag and chem fees	[926]	12,809	11,883	-
Yearbooks	875	12,290	13,165	-
Total High School	<u>40,403</u>	<u>173,882</u>	<u>174,060</u>	<u>40,225</u>
Total Student Organization Funds	<u>\$ 47,481</u>	<u>\$ 198,519</u>	<u>\$ 197,301</u>	<u>\$ 48,699</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT 5

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts, Expenditures and Unencumbered Cash
District Activity Funds
For the Year Ended June 30, 2011

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Special Projects:							
Parker Attendance Center	\$ 1,681	\$ -	\$ 35,831	\$ 32,337	\$ 5,175	\$ -	\$ 5,175
LaCygne Attendance Center	1,471	-	46,386	44,381	3,476	-	3,476
Fontana Attendance Center	2,216	-	25,943	26,844	1,315	-	1,315
Middle School Food Service	3	-	46,023	43,864	2,162	-	2,162
Middle School Gate Receipts	6,656	-	20,756	19,363	8,049	-	8,049
Middle School Other District Accts	888	-	1,359	1,801	446	-	446
High School Food Service	2,390	-	63,701	63,767	2,324	-	2,324
High School Gate Receipts	14,400	-	68,123	74,559	7,964	-	7,964
District Employee Flex Spending	8,035	-	29,269	29,072	8,232	-	8,232
Total District Activity Funds	<u>\$ 37,740</u>	<u>\$ -</u>	<u>\$ 337,391</u>	<u>\$ 335,987</u>	<u>\$ 39,144</u>	<u>\$ -</u>	<u>\$ 39,144</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Statement of Cash Receipts, Expenditures and Unencumbered Cash
Private Purpose Trust Funds
For the Year Ended June 30, 2011

<u>FUND</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Cash <u>Balance</u>
HIGH SCHOOL FUNDS				
High School				
Scholarships	\$ 28,041	\$ 6,923	\$ 5,850	\$ 29,114
Total High School	<u>28,041</u>	<u>6,923</u>	<u>5,850</u>	<u>29,114</u>
 Total Private Purpose Trust Funds	 <u>\$ 28,041</u>	 <u>\$ 6,923</u>	 <u>\$ 5,850</u>	 <u>\$ 29,114</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 362 (the District) is a municipal corporation governed by an elected seven member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no component units.

Reimbursed Expenses

Expenditures in the amount of \$89,018 in the General Fund are classified as reimbursed expenses. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The District has a GAAP waiver, which allows it to use this prescribed basis of accounting. When a local government adopts a Kansas GAAP waiver, K.S.A 75-1120a specifically requires that the government must prepare its "financial statements and financial reports on the basis of cash receipts and disbursements as adjusted to show compliance with the cash-basis and budget laws of this state." K.S.A 72-6417 and 72-6434 require that any general fund or supplemental general fund state aid payment that is due to be paid in June but is paid after that "shall be recorded and accounted for by the school districts as a receipt for the school year ending on the preceding June 30."

To attempt to reconcile this statutory conflict, the prescribed basis of accounting requires that state aid payments due in June but received in July be recorded in July of the following year in the financial statements. Compliance with K.S.A 72-6417 is required to be presented in the notes to the financial statements. The District has chosen to present its state aid payment due in June but received in July in the financial statements for the year ended June 30, 2011 rather than in July of the following fiscal year, which is not in compliance with the Kansas prescribed basis of accounting. The payment was \$158,503 in the General Fund.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements. Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds - to account for the accumulation of resources for, and the payments of, interest and principal and related costs, on general long-term debt.

Capital Projects Funds - to account for the financial resources segregated for the acquisition of major capital facilities.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended by the District for the June 30, 2011 school year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, internal service funds, and the following special revenue funds: Textbook Rental and Contingency Reserve Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Ad Valorem Tax Revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1, and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 2 - Deposits

The District's cash is considered to be active funds by management and is invested according to K.S.A 9-1401. The statute requires that bank's eligible to hold active funds have a main or branch bank in the county in which the District is located or an adjacent county, that the bank(s) provide an acceptable rate of active funds, and that the deposits in excess of FDIC coverage be adequately secured per K.S.A 9-1402. The District does not have any formal deposit policies that would further limit interest rate, credit or custodial credit risks beyond state statutes.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A 10-131. This statute allows additional investment authority beyond that of K.S.A 12-1675. Investments of bond proceeds may follow K.S.A 12-1675 or include other investments such as the Kansas Municipal Investment Pool, direct obligations of the US government or any agency thereof, and various other investments as specified in K.S.A 10-131.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term debt:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>
G.O. Bonds				
2003 Refunding Bonds	6/17/03	\$ 7,435,000	2.100 to 3.40%	11/1/16
Leases				
Qualified Zone Academy Bond Lease	6/29/09	965,000	0.00%	6/29/19

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14 percent of the assessed value of all tangible taxable property within the District. At June 30, 2011, the statutory debt limit for the District was \$17,950,151 providing a debt margin of \$12,769,651. Following is a summary of changes in long-term debt for the year ended June 30, 2011:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
G.O. Bonds To Be Paid With:				
Tax Levies				
2003 Refunding Bonds	\$ 5,165,000	\$ -	\$ 660,000	\$ 4,505,000
Leases				
Qualified Zone Academy Bond Lease	<u>772,000</u>	<u>-</u>	<u>96,500</u>	<u>675,500</u>
Total	<u>\$ 5,937,000</u>	<u>\$ -</u>	<u>\$ 756,500</u>	<u>\$ 5,180,500</u>

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the above long-term debt:

General Obligation Bonds			
Year Ended December 31,	Principal	Interest	Total
2012	\$ 690,000	\$ 132,350	\$ 822,350
2013	710,000	111,695	821,695
2014	740,000	89,575	829,575
2015	760,000	65,945	825,945
2016	785,000	40,833	825,833
2017	820,000	13,940	833,940
Total	\$ 4,505,000	\$ 454,338	\$ 4,959,338

Qualified Zone Academy Bond Lease

Year Ended December 31,	Principal Due
2012	\$ 96,500
2013	96,500
2014	96,500
2015	96,500
2016	96,500
2017 - 2019	193,000
Total	\$ 675,500

NOTE 4 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	At Risk (K-12)	K.S.A. 72-6428	\$ 1,030,276
General	At Risk (4 Year Old)	K.S.A. 72-6428	83,116
General	Special Education	K.S.A. 72-6428	1,644,556
General	Vocational Education	K.S.A. 72-6428	261,047
General	Contingency Reserve	K.S.A. 72-6428	15,000
Supplemental General	Bilingual Education	K.S.A. 72-6433	59,147
Supplemental General	Special Education	K.S.A. 72-6433	300,000
Supplemental General	Vocational Education	K.S.A. 72-6433	319,300
Supplemental General	Food Service	K.S.A. 72-6433	14,000
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	206,053
Title II Teacher Quality	Title I	Federal Law	24,059
Total			\$ 3,956,554

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 5 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq.. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, Kansas 66603-3803).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. Member-employees contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.17% of covered payroll. These contribution requirements are established by KPERS and periodically revised. Kansas contributions to KPERS for the District employees for the years ending June 30, 2011, 2010 and 2009 were \$450,267, \$495,528, and \$421,040 respectively, equal to the required contributions for each year.

NOTE 6 - Compensated Absences

The District gives each employee five (5) days of leave time, to be used for personal leave or for attending funerals. The employees are not allowed to accumulate this leave time. The District also gives each employee 12 days sick leave per year. This can be carried forward and accumulated to a maximum of 72 days. Upon retirement from employment, the District will pay \$40 per day of accrued sick leave to a maximum of 72 days to any employee eligible for retirement. As of June 30, 2011, the liability for accrued sick leave pay was \$19,480.

NOTE 7 - Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statements of the District at June 30, 2011.

NOTE 8 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

UNIFIED SCHOOL DISTRICT NO. 362
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Transfer	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>						
Passed Through State Department of Education:						
Title I Grants to Local Educational Agencies	84.010	\$ 6,772	\$ 141,363	\$ 24,059	\$ 151,224	\$ 20,970
Tech Lit	84.318	-	478	-	478	-
Improving Teacher Quality State Grants	84.367	2,205	48,118	[24,059]	22,569	3,695
ARRA Title I	84.389	11,308	43,888	-	46,180	9,016
ARRA Stabilization	84.394	-	122,786	-	122,786	-
Education Jobs Fund	84.410	-	<u>214,999</u>	-	<u>214,999</u>	-
Total U.S. Department of Education			<u>571,632</u>	-	<u>558,236</u>	
<u>U.S. Department of Agriculture</u>						
Passed Through State Department of Education:						
School Breakfast Program	10.553	-	81,688	-	81,688	-
National School Lunch Program	10.555	-	245,423	-	245,423	-
Federal School Food Service	10.560	-	<u>50</u>	-	<u>50</u>	-
Total U.S. Department of Agriculture			<u>327,161</u>	-	<u>327,161</u>	
Total Expenditures of Federal Awards			<u>\$ 898,793</u>	<u>\$ -</u>	<u>\$ 885,397</u>	

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the District. All expenditures of federal financial assistance received directly from federal agencies, if any, as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas prescribed basis of accounting which includes accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 362
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

	<u>Qualified (Prescribed Basis)</u>	
Type of auditor's report issued:	<u>Adverse (GAAP)</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____ None reported
Type of auditor's report issued on compliance for major programs:	_____ <u>Unqualified</u> _____	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 84.410	Child Nutrition Cluster Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs:	_____ <u>\$300,000</u> _____
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Auditee qualified as low-risk auditee?	_____ Yes _____ <u>X</u> _____ No
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UNIFIED SCHOOL DISTRICT NO. 362
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Prior Year Findings

None noted

Current Year Findings

None noted

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Status</u>
Child Nutrition Cluster	2010-1	The District does not currently take a physical inventory of food service items.	7 CFR Section 250.14(e)	N/A	We recommend that the District perform a periodic physical inventory of food service items. We also recommend that such inventory be reconciled to a perpetual inventory tracking system.	Repeated at 2011-1

Current Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Child Nutrition Cluster	2011-1	The District does not currently take a physical inventory of food service items.	7 CFR Section 250.14(e)	N/A	We recommend that the District perform a periodic physical inventory of food service items. We also recommend that such inventory be reconciled to a perpetual inventory tracking system.	Agrees - For the year ended June 30, 2012 the District will perform monthly inventories.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Unified School District No. 362
LaCygne, Kansas

We have audited the financial statements of the Unified School District No. 362 (the District), LaCygne, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated February 21, 2012, which is a special report on the financial statements prepared in accordance with a basis of accounting prescribed by the State of Kansas. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

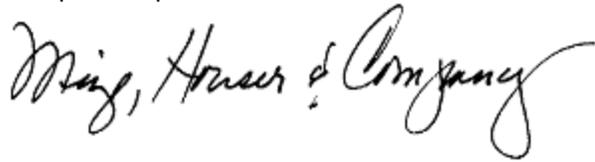
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

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However we noted certain other matters that we reported to management of Unified School District No. 362, LaCygne, Kansas, in a separate letter dated February 21, 2012.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "King, Houser & Company". The signature is written in black ink and is positioned above the date.

February 21, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Unified School District No. 362
LaCygne, Kansas

Compliance

We have audited the compliance of the Unified School District No. 362 (the District), LaCygne, Kansas, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2011. Major federal financial programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2011-1.

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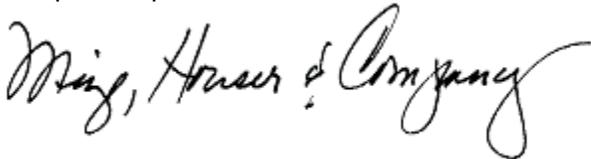
Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Ming, Horner & Company". The signature is written in black ink and is positioned below the text of the communication.

February 21, 2012